

SECURITY INFORMATION

11 April 1952

Deputy Director (Administration)

Deputy General Counsel

War Agencies Employees Protective Association

OGC HAS REVIEWED.

1. At the present time employees of CIA may secure term life insurance from the subject Association. This insurance can be procured on a secure basis so that the Association has available to it only a list of numbers and has no names in its possession. At the present time there are approximately [redacted] policies in force.

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2. An initial membership fee of \$2.00 is required. The premium for a basic policy of \$10,000.00 is \$8.33 per month up to and including age 40. From 41 to 50, inclusive, the premium is \$10.42 per month, and in the age group 51 to 65, inclusive, the premium is \$12.50 per month. In addition to the basic policy, the experience factor has been sufficiently favorable so that current dividends afford additional protection over the face amount of the policy in the amount of \$2,000.00 additional life insurance and an accidental death benefit of \$15,000.00.

3. Subject Association, or WAEPA as it is known, was organized on 11 May 1943 to provide a non-profit program of life insurance protection for civilian employees in the Federal Government who have assignments outside of the continental limits of the United States. The articles of the Association provide that directors will serve without compensation.

4. WAEPA is underwritten by the Equitable Life Assurance Society of the United States. Until a year ago, the Association was billed for insurance by Equitable at the rate of \$1.00 per thousand per month. Effective 21 May 1951 the rate was reduced to 95¢ per thousand per month. In lieu of affording dividends to members, the Association has procured the additional insurance which is explained above. As of 20 May 1951 the Association had a surplus of \$841,262.85. For the first eight years of its operation, WAEPA has received a total income of \$4,797,709.10, with expenses of \$3,582,304.63, leaving a net income of \$1,215,404.47. As of 21 May 1951, there were approximately 4,000 members of the Association.

5. From the above, it can be seen that employees of CIA represent approximately [redacted] of the total membership of the Association. In the five year period from 1947 to 1951, premiums paid by CIA employees were [redacted]. Three claims were paid during this period, totaling [redacted]. A projection of the current monthly premium indicates that premiums for 1952 will total [redacted].

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6. Although OSS utilized WAEPA, the present arrangements with WAEPA were formalized in a letter to them, dated 4 November 1946, wherein the procedures involving CIG employees were established. During the entire period the Association has been most cooperative and ready to meet our requirements. For example, the brochure states that membership in the Association is offered to United States Government employees of American citizenship outside the continental limits of the United States. However, the Association has agreed in writing to offer membership to resident aliens so long as they have filed their Declaration of Intention to Become American Citizens. Further, they have agreed to define the term "employee" to mean an individual whose compensation or expenses are derived in whole or in part directly from the United States Government for services performed directly for the United States Government in any capacity. This definition enables agent-type personnel, who are otherwise eligible, to secure WAEPA insurance. Another example of WAEPA's flexibility is their willingness to accept a certification by the Agency as to:

- (a) the death of the insured who is represented only by a number in WAEPA's files, and
- (b) the circumstances of the death (i.e., accidental or natural causes).

7. From the above, it is apparent that WAEPA is fulfilling a need in the insurance field which would make it extremely difficult, if not impossible, to have any other underwriter substituted and still meet the security requirements of CIA. Despite this favorable treatment from WAEPA, it is suggested that serious consideration be given to the organization of a program within CIA which would be financed by the participants' premiums and in which the profits, if any, would inure to the benefit of those participants. It is submitted that the present indirect subsidy by CIA of WAEPA (personnel services to collect premiums and process claims) which was established for security reasons can be continued with respect to an internal program. It is believed that an internal program properly managed would make available comparable insurance benefits at a much lower rate to participants.

- (a) It is suggested that such a program possibly could be combined with the hospitalization and health insurance program which is being considered by the Career Service Committee. The Working Group on Career Benefits has recommended that the present Government employees health insurance, which is underwritten by Mutual of Omaha, be established and run as an internal CIA program.

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8. There are many factors to be considered beyond the legal aspects and, consequently, the above is not intended to give all of the arguments for and against the establishment of the recommended program. It does present in outline form the basic facts, and it is intended that careful analysis and study be made of the problem to secure for CIA personnel the maximum insurance coverage for premiums paid.

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